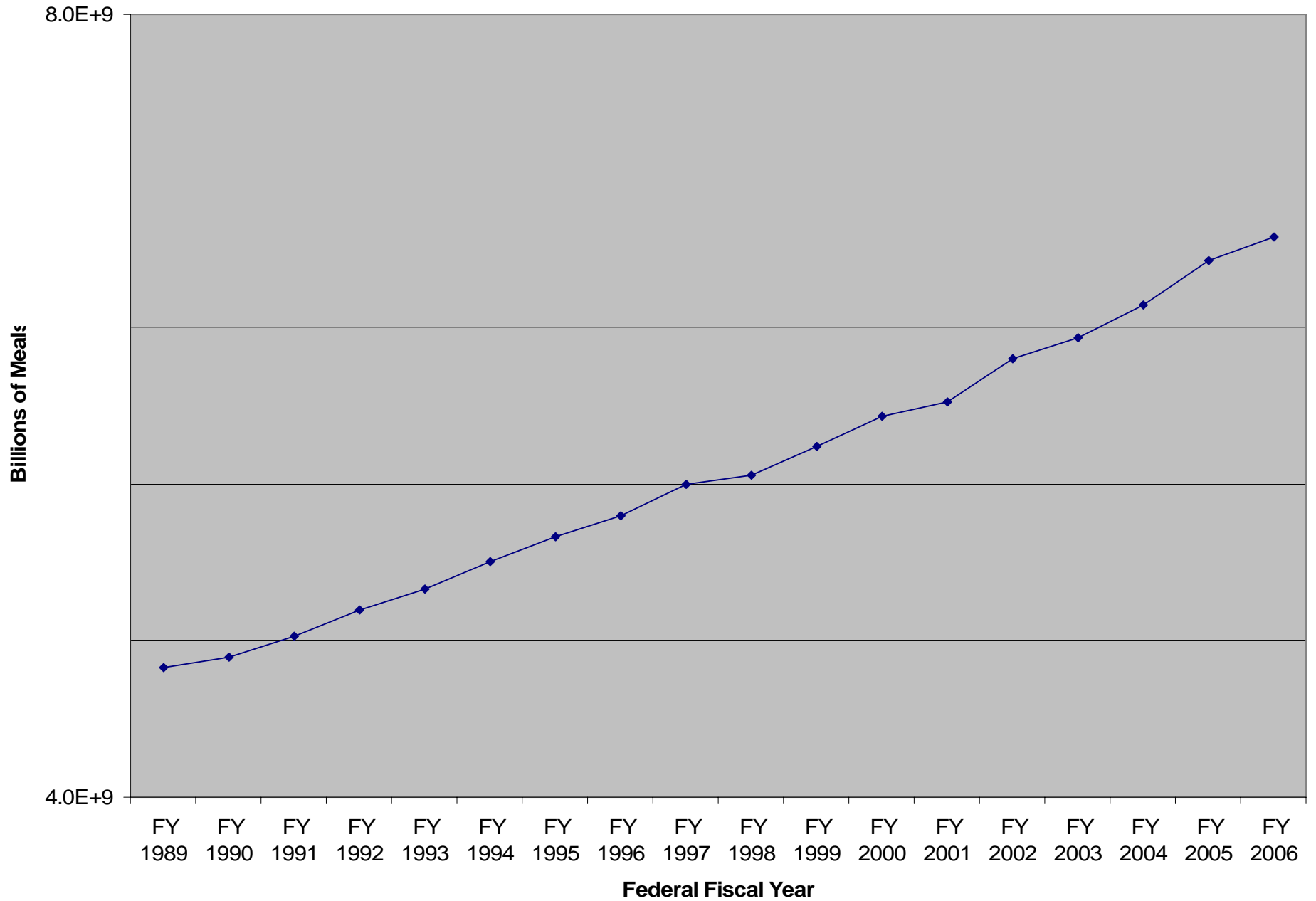


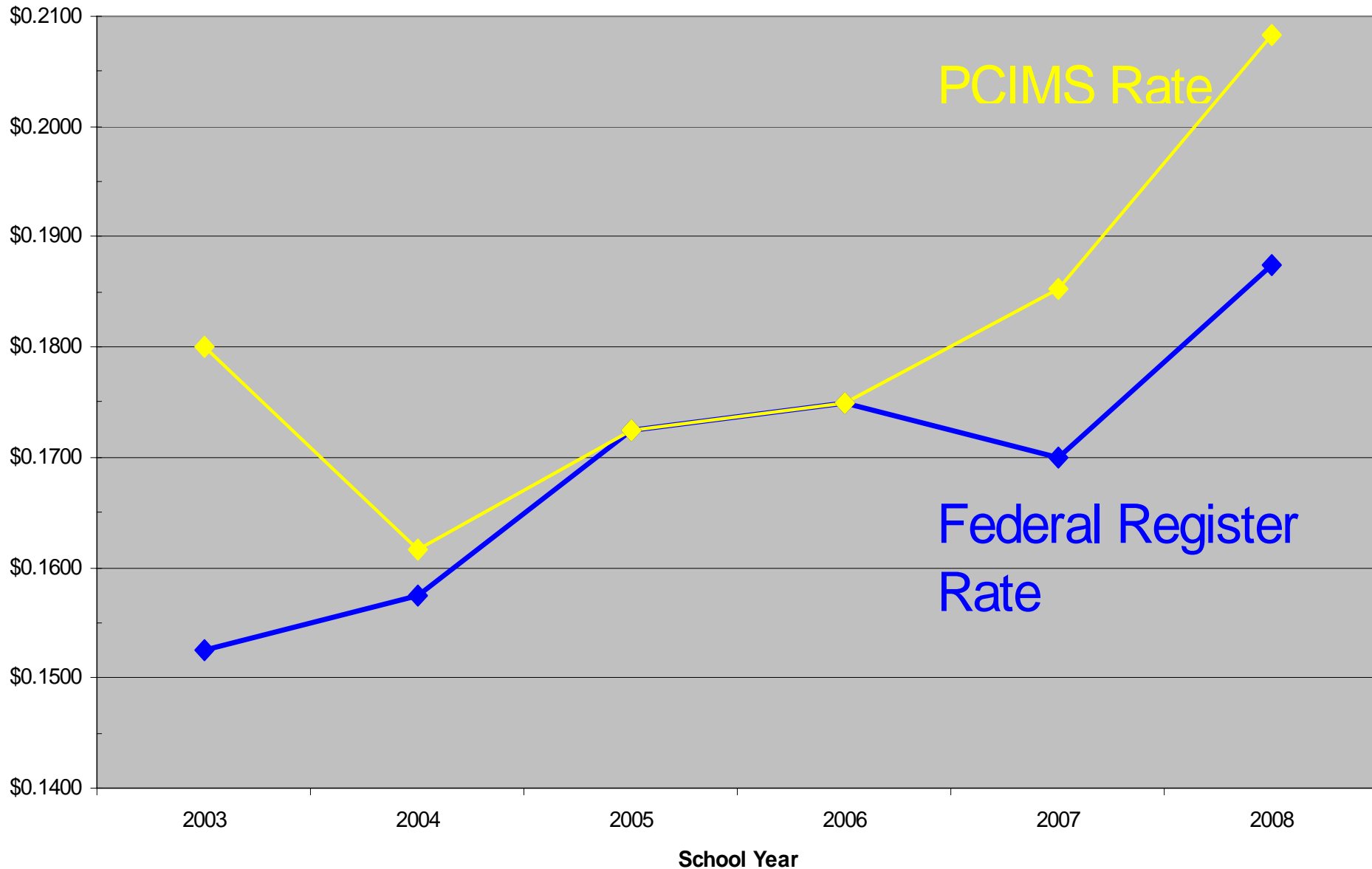
The Devilish Details

Intricacies of
Commodity
Processing

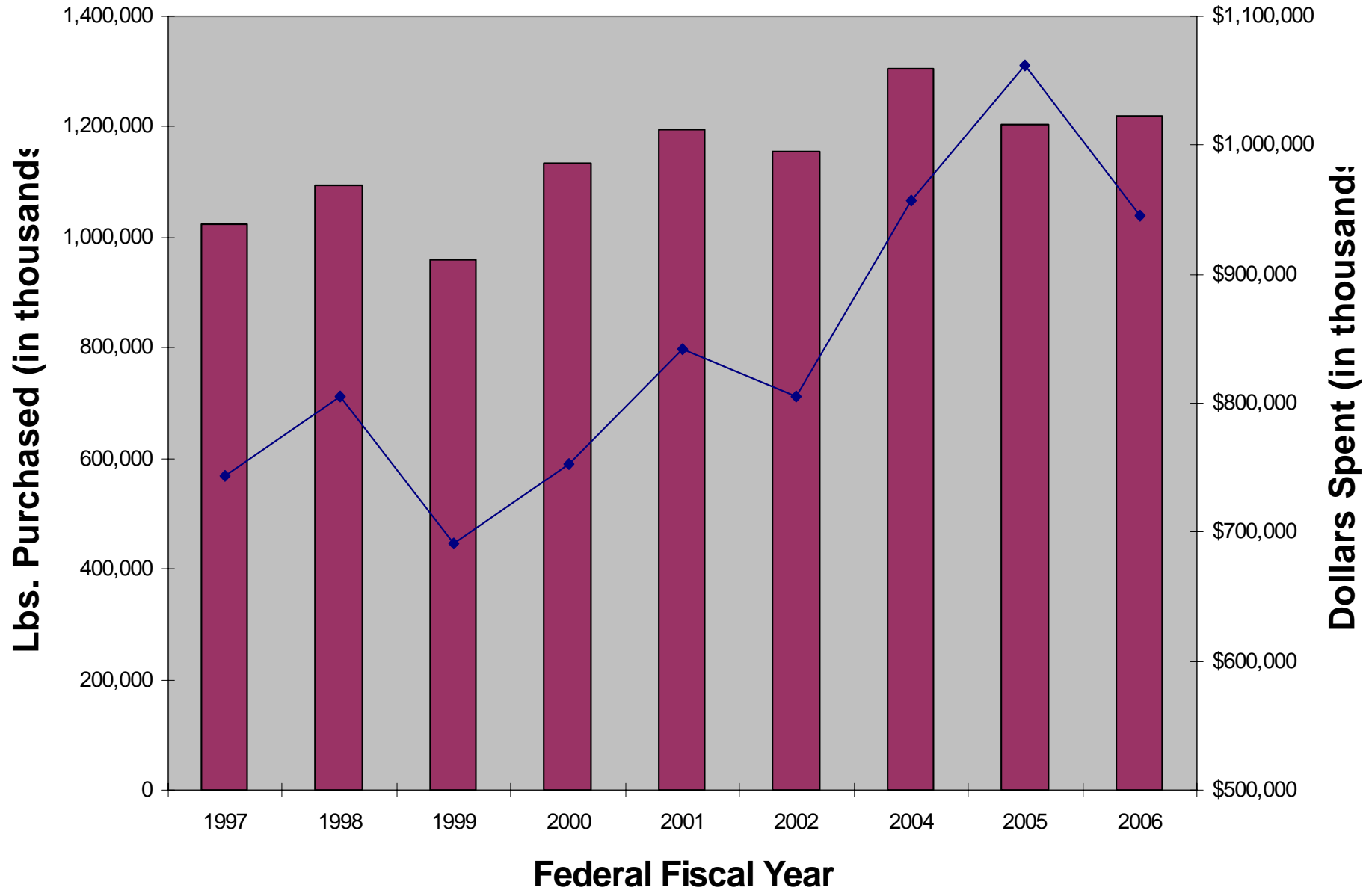
Reimbursable Meals Served



Per Meal Rate



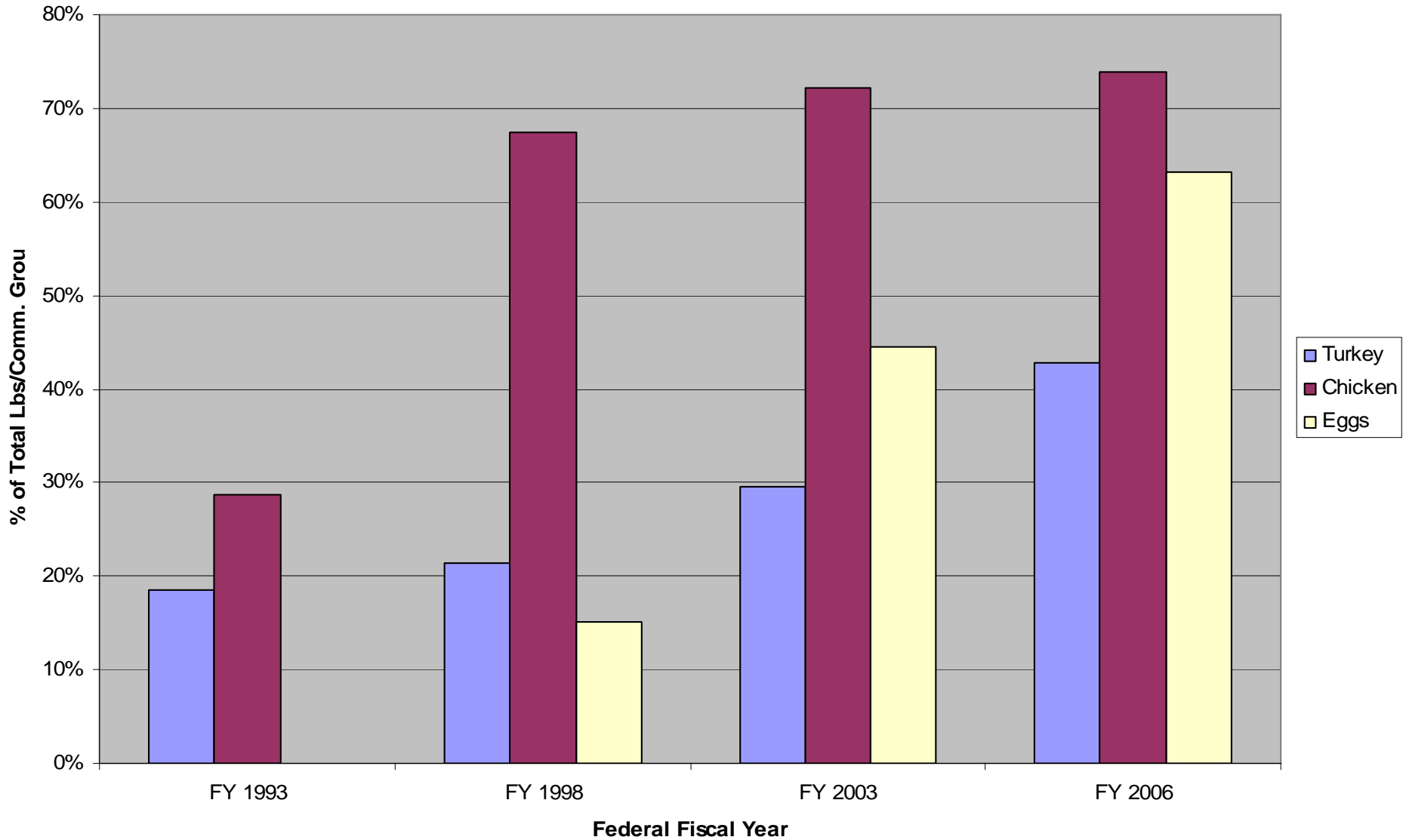
Commodity Purchases



Then and Now

Commodity	FY 1993		FY 1998		FY 2003		FY 2006	
	lbs	\$	lbs	\$	lbs	\$	lbs	\$
Turkey	19%	12%	21%	12%	29%	17%	43%	27%
Egg	0%	0%	15%	11%	45%	43%	63%	53%
Chicken	29%	22%	67%	61%	72%	56%	74%	54%
Pork	14%	13%	18%	12%	35%	24%	57%	45%
Beef	12%	12%	25%	24%	49%	50%	56%	55%

Bulk Poultry Products



Chicken Purchases

(FY 2005-2006)



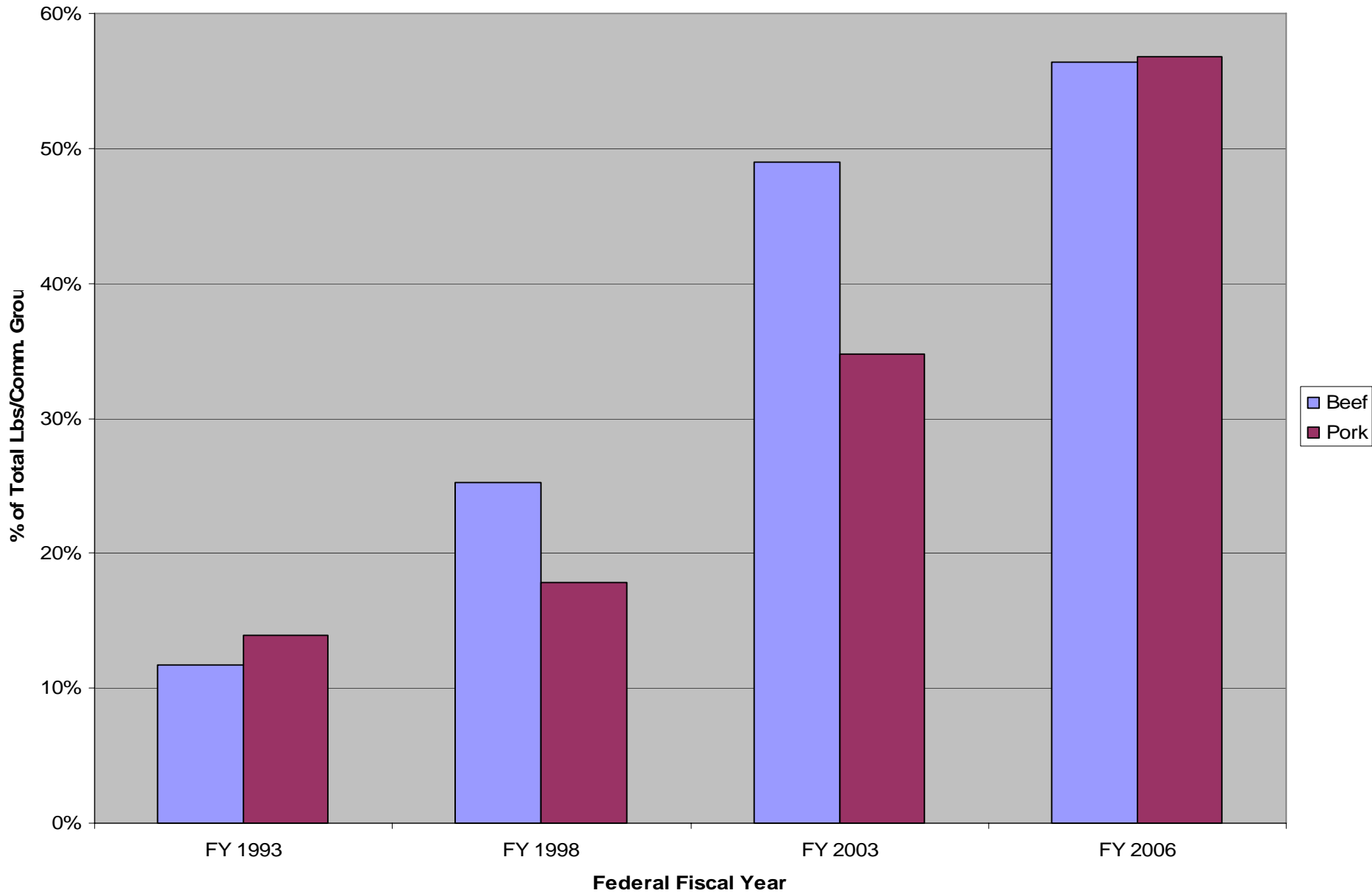
Bulk

- A521 and A522
- 74% chicken lbs
- 54% chicken \$

Value-Added

- Breaded & Cut-up
- Fajita & Diced
- 25% chicken lbs
- 45% chicken \$

Bulk Red Meat



Beef Purchases

(FY 2005-2006)



Bulk

- 594 Coarse
- 704 Combo
- 56% of lbs
- 55% of \$

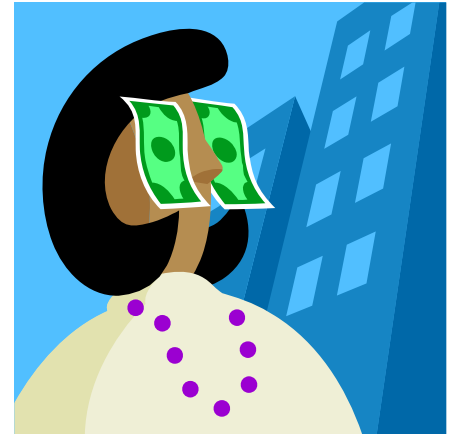
Value-Added

- 608 Fine Grind
 - 31% of lbs & \$
- Patties (4 types)
 - 9% of lbs
 - 9.5% of \$

Processing Popularity

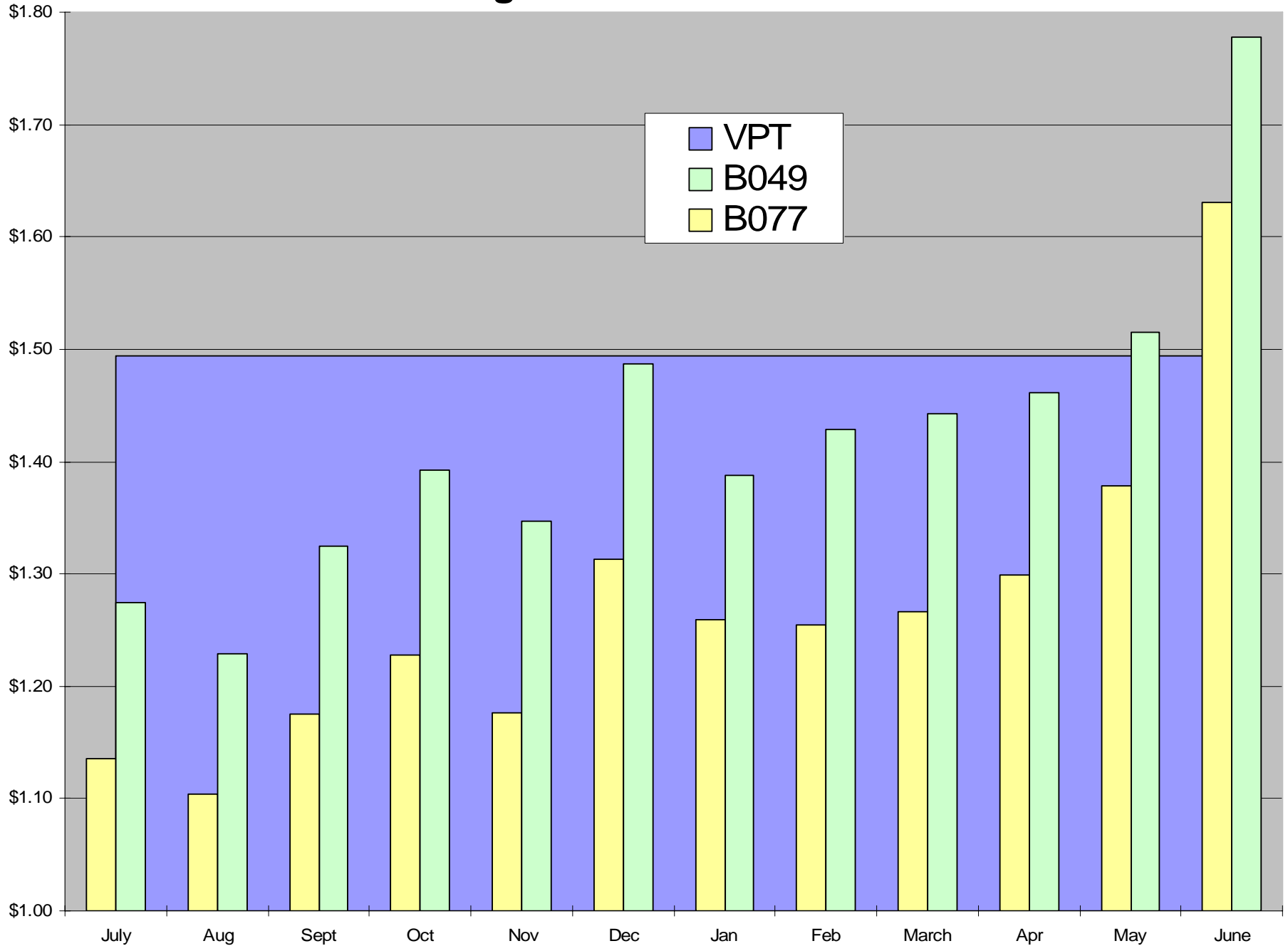
School Year 2006-2007

- 100 National Processors
- 106 commodity codes
- 4,300+ end products approved
- \$400-\$600 Million

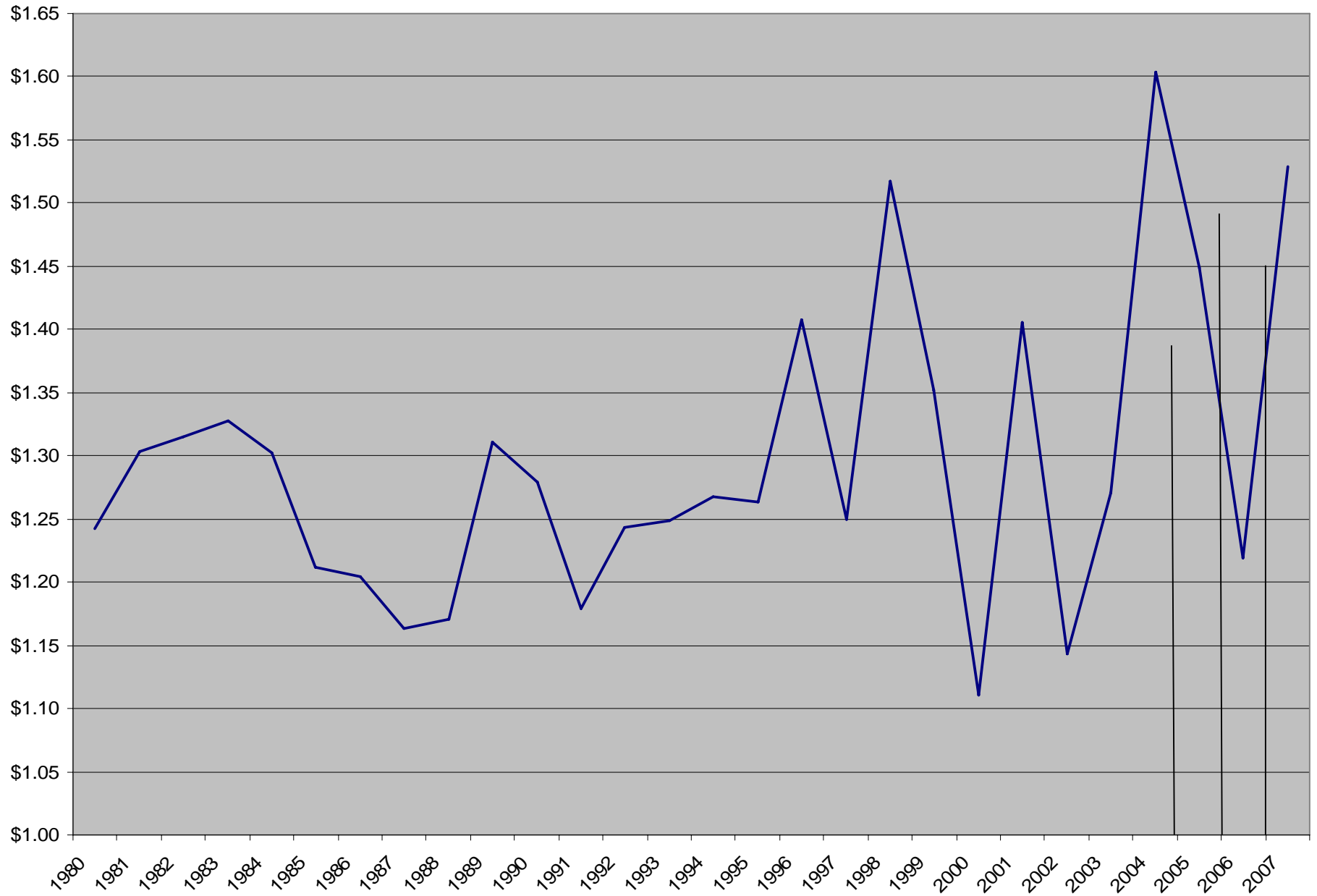


Actual Purchase Price
vs.
Value-Pass-Through

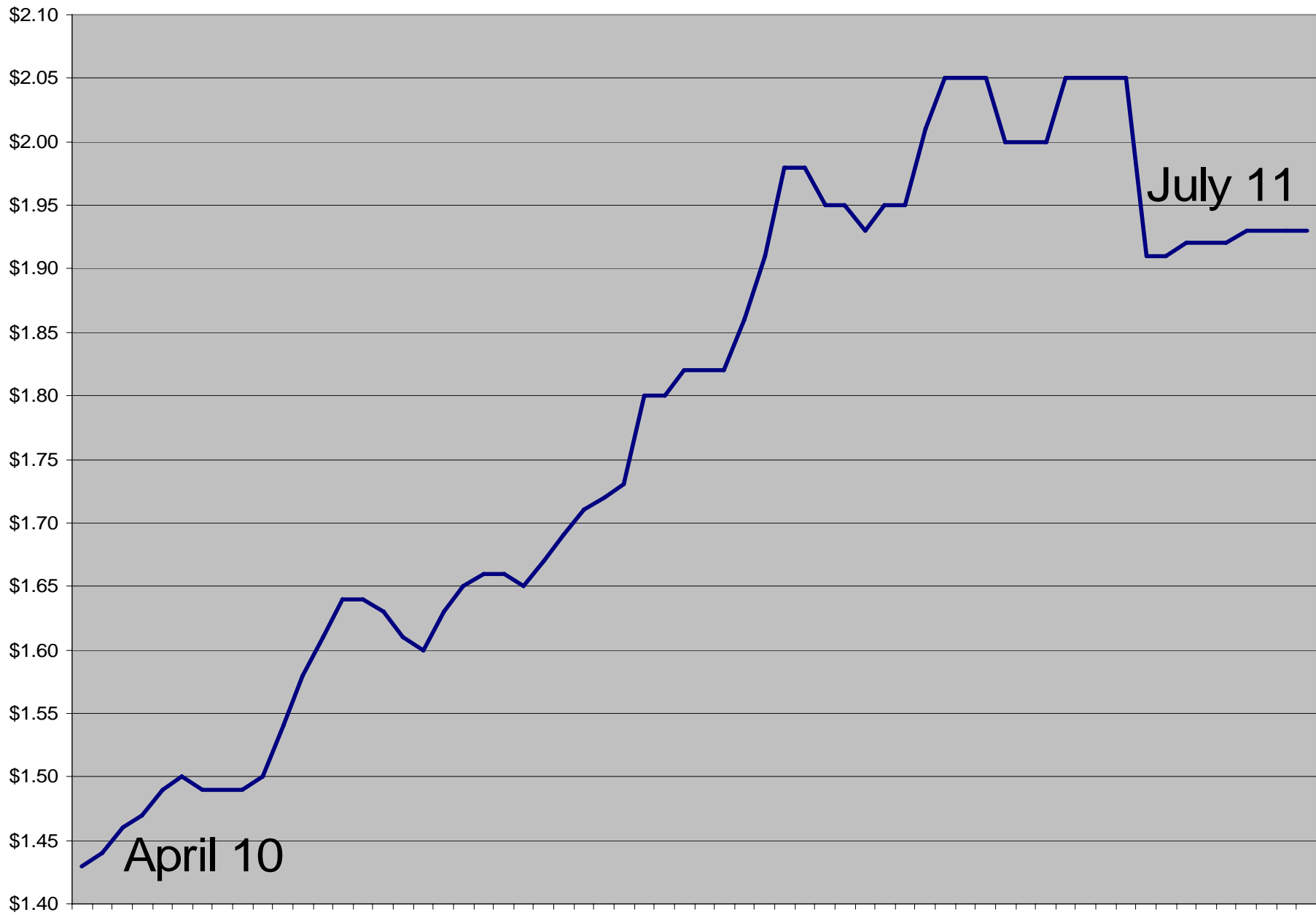
Bulk Cheese Avg Purchase \$ School Year 2006-2007



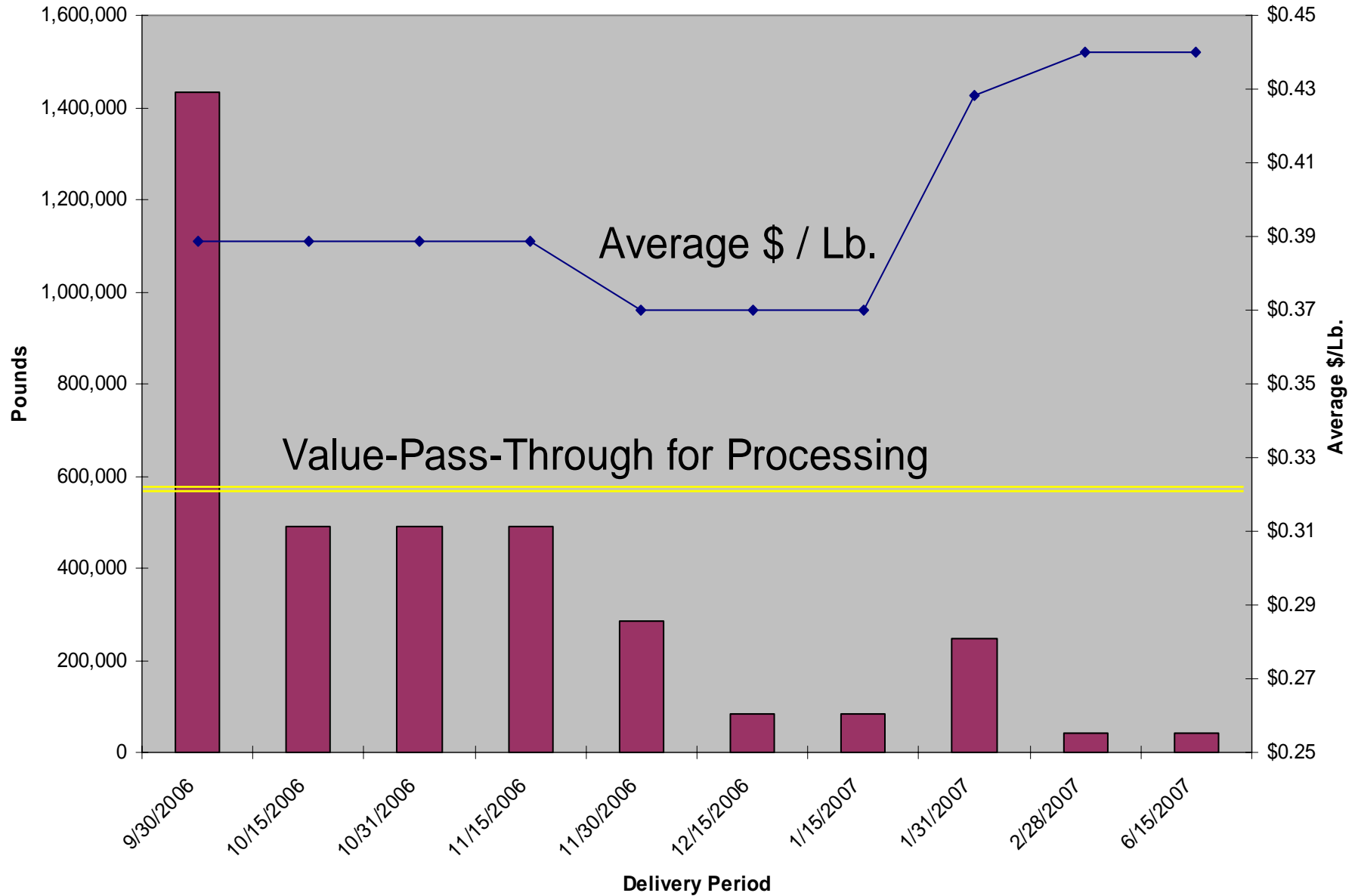
Barrel Cheese Historical Average Prices



Barrel Cheese Prices



School Year 06/07 Bulk Tomato Paste



Inventory Monitoring

Excess Inventory



What to do?

1. Give processor written permission to maintain excess inventory
2. Transfer to another school
3. Transfer to another processor
4. Transfer to DA that can use inventory
5. Rare instances: processor can “buy down” excess inventory

School Allocation Controls

- “Best guess” for initial diversion
- Request destination changes
- “Paper transfer” between processors
- Track processors and balances
- Understand State policies
- Develop a strategy

